

## DCM NOUVELLE LIMITED

### TRANSCRIPT OF THE 4<sup>TH</sup> ANNUAL GENERAL MEETING

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Day: Friday

Date/Time: September 25, 2020 at 11:00 AM (IST)

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**11:00 AM: Mr. Sandeep Kumar Jain, Chief Financial Officer**

Good Morning Dear Members, Board of Directors and Senior Management. I, Sandeep Kumar Jain, Chief Financial Officer extend a warm welcome to all of you to the 4<sup>th</sup> Annual General Meeting of your company DCM Nouvelle Limited, which is being held today through video conferencing.

Pursuant to the Article 65 of the Memorandum of Association and Articles of Association, Dr. Meenakshi Nayar, Chairperson of the Board shall act as the Chairperson of this Annual General Meeting. She is also the Independent Director of the Company.

Before I hand over the proceedings to Dr. Meenakshi Nayar, Chairperson to declare the meeting open, I would like to highlight certain points here. The joining to this meeting opened 15 minutes before the scheduled time of the commencement of the meeting, which is 11:00 am and it will remain open for another 15 minutes after the end of the meeting. As mentioned in the notice, the facility of participation at the AGM through video conferencing or other audio/visual means has been made available for at least 1000 members on first come first serve basis, except for large shareholders, promoters, institutional investors, directors, key managerial personnel as well as the auditors who are allowed to attend the AGM without any restrictions on account of first come first

serve basis. Members, who have not voted during the e-voting can cast their vote during this period. The Auditors Report, Secretarial Audit Report, the Register of Directors and Key Managerial Personnel, the Register of Contracts or Arrangements, has been made available electronically for inspection by the members during the AGM.

Subsequent to the Ministry of Corporate Affairs (MCA) circular of 8th April 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. The registered office of the company situated at New Delhi shall be deemed as the venue for this AGM and proceedings of the AGM shall be deemed to be made here at. With this, I now hand over the proceedings to the Chairperson of the Company Dr. Meenakshi Nayar. Thank you.

**(Over to you Ma'am)**

**Dr. Meenakshi Nayar (Chairperson)**

Thank you, Sandeep. Good Morning everybody. I welcome you all to the 4<sup>th</sup> Annual General Meeting of your company. I am attending this AGM from Delhi. I would like to mention that in view of the massive outbreak of the Covid-19 pandemic, social distancing is a norm to be followed, and therefore, this AGM today has been convened through videoconferencing or other audio/visual means in compliance with the Companies Act, 2013, read with specific circulars dated 8th April 2020, 13th April 2020 and 5th May, 2020 issued by the Ministry of Corporate Affairs, Government of India, which exempt physical attendance of the members at the AGM venue. The quorum being present, I declare the meeting open.

Before I proceed further, let me introduce your board of directors who are joining this AGM through Video Conferencing.

1. **Mr. Hemant Bharat Ram, Managing Director** of your Company and Chairman of CSR Committee, is joining this AGM from Delhi

2. **Mr. Bipin Maira**, Independent Director and the chairman of the audit committee and Nomination and Remuneration Committee, is joining this AGM from Delhi

3. **Mr. Jitendra Tuli**, director and also the Chairman of Stakeholder Relationship & Finance Committee, is joining this AGM from Delhi

4. **Mr. Rakesh Goel**, Whole time director and Executive Director-Textiles, is joining this AGM from Hisar

5. **Ms. Shahana Basu**, director, is joining this AGM from Washington, USA.

Due to their pre-occupation with other commitments, Dr. Vinay Bharat Ram, Whole time director and Mr. Ravi Vira Gupta, Independent Director have expressed their inability to attend this AGM. The leave of absence is granted to them.

Apart from them, we also have key executives and senior management joining from their respective locations. Mr. Manish Handa/ Mr. Punit Bansal, representative of M/s BSR & Co. LLP, Statutory Auditors and Ms. Pragnya Parimita Pradhan, Partner M/s Pragnya Pradhan & Associates, Practicing Company Secretaries, have also joined this meeting.

Dear Members,

Your Company is a leading manufacturer & exporter of 100% cotton, carded and combed yarns. With the introduction of value-added products, premium brands & various sustainability measures, the company has moved ahead in positioning itself as a supplier of quality yarn for the finest clothing. The Company is exporting cotton yarn to more than 30 countries, and has successfully engraved its name amongst the best in the domestic as well as export markets. We, at DCM Nouvelle, also derive half of the revenue from exports and keep ourselves hedged against any downturn in the domestic economy. At the same time, your Company procures all its raw material from

indigenous sources only, which aligns us with the Prime Minister's vision of an 'Atmanirbhar Bharat'.

Over the last few years, weakening macroeconomic environment, tightening sectoral liquidity and muted consumer sentiment impacted the overall demand for cotton yarn. In order to control this, the Government of India took measures in the form of reducing corporate and personal income tax rates, increasing Minimum Support Prices (MSP) for farmers and imposing import duties to encourage the supply as well as demand situation. However, before these actions could have any positive economic impact, the country was hit by Covid-19-induced lockdowns, sending shock waves across industry and bringing all economic activity to a standstill.

Your Company has also been impacted by the global slowdown in terms of declining demand, both export and domestic, as well as by lower prices of yarn. Some orders were cancelled or deferred, resulting in inventory build-up and slower realization of receivables. In this scenario of low demand of yarn and fabric, the global demand of cotton also witnessed sluggishness, leading to fall in prices and adversely impacting the bottom-line due to the inventory of cotton carried by the company.

Thankfully, the cash flow support from the Government through monetary and fiscal policies helped control the impact of the pandemic on the company from getting more severe and intense. Going ahead, a lot will depend on containment of this pandemic and how the world adapts to the new normal.

The COVID-19 pandemic is extraordinary and unprecedented. It has impacted every country, business and individual all over the world. This pandemic has fundamentally changed the way we live and work. It has made work from home, social distancing, and higher technology adoption as the new normal. How all companies, whether traditional or new age technology companies, evolve, transform, and stay on the pulse of the

consumers and earn their loyalty will determine their survival and growth going forward

At DCM Nouvelle, we were swift in laying out a plan in response to the unfolding challenges. As the pandemic spread, our priority was to ensure the health and wellbeing of our employees and deliver seamless business continuity with least disruption. Our employees, while working from home, had access to the latest technology, ensuring continuous contact with and support to our partners and customers.

Our factory resumed operations with strong compliance on hygiene and social distancing. Business is gradually gaining traction as we strive to fulfil consumer demand through efficient production and supply chain management.

Members will be delighted to know that the Yarn Business has started showing signs of recovery in view of increased demand from the export markets. We are hopeful that the crisis will pass and economic activities will become normal over a period of time. We believe that recovery will be gradual over the next two quarters. So, we remain cautiously optimistic and are focusing on priorities of safety, liquidity, stability and continuity.

The ongoing period is tough but your company has sufficient financial strength to sail through the period, though business is definitely adversely affected due to the present situation.

The good news for all stakeholders is that the Company is in a comfortable liquidity position due to various credit control measures as well as adequate banking limits available with us. We were also able to take additional emergency credit facility under

COVID-19 since the Company continues to enjoy the investment rating of stable outlook in both the short term and long term debts.

Even before COVID-19, the Company embarked upon Company-wide initiatives to bring down costs and conserve cash. This program is well under way and the Company is expected to get benefits as a consequence of these initiatives in the future.

Through our determination, we seized every opportunity in an ever-changing landscape. This has made us resilient and responsive to the ever-changing market dynamics. I am glad to share that today we have gained a reputation as a reliable company among the leading manufacturers of Cotton Yarns in India.

Your support and confidence in us, even in uncertain times like these, drive us to look for more ways to sustain growth and create greater value.

As you are aware, the Scheme of Arrangement between DCM Limited and the Company and their respective Shareholders and Creditors had been approved by the National Company Law Tribunal, Principal Bench, Delhi vide its order dated May 1, 2019. This resulted in the transfer of the textiles division from DCM Limited to DCM Nouvelle Limited w.e.f April 01, 2019. Pursuant to the Scheme, the Company had allotted equity shares to the shareholders of DCM Limited. The equity shares were listed with BSE Ltd. and National Stock Exchange of India Ltd. with effect from July 16, 2019.

DCM Nouvelle is based on the philosophy of protecting the environment. Members will be delighted to know that during this year the Company has produced 27.35 lacs units of power through solar power plants with the objective of reducing dependency on coal-based power and increasing uses of Green Power. Further increase in solar power plant capacity is also under way to further reduce our carbon footprint.

We are blessed to have a talented pool of people in all the departments of the company. Their commitment and dedication through the thick and thin of the organizational journey is really appreciation worthy. We have also consistently worked on improving the skill levels of all our employees through regular training programs and workshops on TQM, leadership development and overall motivation.

I would like to acknowledge the role of our Board Members and the Management team for consistently delivering, mentoring the team and demonstrating resilience. I also thank all our employees, bankers, business partners, suppliers and, above all, our loyal members, for their unwavering trust. I am confident that by working closely together, we will continue to deliver high performance and reliable growth for DCM Nouvelle.

Now I handover to Sandeep Kumar Jain, Chief Financial Officer for taking you through the agenda items and other proceedings of the meeting.

**Mr. Sandeep Kumar Jain, Chief Financial Officer**

Thank you, Mam,

The notice convening this meeting, audited financial statements of the Company for the year ended March 31, 2020 and the director's reports had already been emailed to all shareholders and are taken as read.

We have four resolutions for approval in this Annual General Meeting.

1. The first item on the Notice relates to the adoption of Audited Financial Statements of the Company for the financial year ended March 31, 2020, together with the Reports of the Auditors and the Board of Directors thereon.
2. The Second item on the Notice relates to the re-appointment of Mr. Jitendra Tuli, Director who retires by rotation and is eligible for re-appointment

3. The third item on the notice relates to Appointment of Statutory Auditors to fill Casual Vacancy.
4. The fourth item on the Notice relates to payment of remuneration of the cost auditor.

Since this meeting is held through Video Conferencing facility and resolutions are put to vote only through e-voting, the practice of proposing and seconding of resolutions is dispensed with.

The Auditors' Report does not contain any qualification, reservation or adverse remark. However, the auditors have disclaimed on the Internal Financials Controls to form an opinion.

The Board has clarified that since this being the first year of operations post demerger as an Independent listed entity, the Company is in the process of establishing its internal financial controls over financial reporting with reference to these financial statements on criteria based on or considering the essential components of internal controls as prescribed. Since there is no other comment made by the auditors, I take the Auditors Report as read.

Since there are no qualifications, observations or comments or other remark, in the Secretarial Audit Report for the year ended March 31, 2020, I take the Secretarial Audit Report taken as read. `

Now I invite the members for queries

Dear members, before we go with the Question session, here are some points to note for your convenience. I will request the members, who have registered themselves for queries, to kindly turn on your video one by one. When your name is projected on the broadcast screen, kindly unmute yourself, and proceed to ask the question. Please mention your name and Folio Number when you are requested to ask the question. Each shareholder will

have two minutes for their questions. To avoid repetition, the Board will respond to all the questions at the end. Once you have asked your question, you can log off and continue to watch the proceedings.

Now we request Mr. Surendra Agarwal to unmute himself and kindly proceed with the question.

**Mr. Surendra Kumar Agarwal**

My number is IN303028-61054104 and my question is:

Respected Chairperson

Thanks to the Management for providing the online facility to attend the meeting because of COVID-19. It is great that the demerger of the Company happened and completed so that investors value was unlocked. Thanks for timely allotment and listing of shares of the Company. My query is why the company has not declared dividend and when it would declare dividend.

Thank you very much.

**Mr. Sandeep Kumar Jain, Chief Financial Officer**

Thank you for your question, sir. Thank you. Now, we have a question coming in from the next shareholder. Mr. Dharmender Sharma, please go ahead with your question.

**Mr. Dharmender Sharma**

My number is IN30114311418815 and my question is:

Respected Chairperson

Thanks for timely dispatch of Notice and Annual Report, the annual report is absolutely very informative and touches all the aspects of the company.

I want to know about the impact of COVID-19 to the Business of the Company and what is its preparedness for the same. I hereby support all your resolutions. Thank you.

**Mr. Sandeep Kumar Jain, Chief Financial Officer**

Thank you, Mr. Dharmender Sharma. We have the next question coming from shareholder lined up. We request Mr. Santanu Bhattacharyya, kindly go ahead with your question.

**Mr. Santanu Bhattacharyya**

My number is 1304140009555975 and my question is:

Respected Chairperson

Congratulations to the Company for being running as independent listed entity. I will not take much time.

My question is DCM had been a front runner in terms of sustainability and various CSR activities. Please tell us what are the initiatives of the Company in this regard

**Mr. Sandeep Kumar Jain, Chief Financial Officer**

Thank you, Mr. Shantanu Bhattacharyya, we have the next question from another shareholder. Mr. Brijendra Agarwal, please go ahead with your question.

**Mr. Brijendra Agarwal**

My number is 1201090007599819 and the question is:

Respected Chairperson

Thank you for providing me the opportunity to speak.

What are the future expansion and growth plan of the Company?

I support this Company. Please provide me the hard copy of Annual report.

Thank you

**Mr. Sandeep Kumar Jain, Chief Financial Officer**

Thank you, Mr. Brijendra Agarwal May I request the next shareholder to go ahead with your question,

Mr. Mohd. Ashraf Bari, kindly unmute yourself and go ahead with your question.

**Mr. Mohd. Ashraf Bari**

My number is 1304140009561155and the question is:

Good morning to all of you, I wish the Company and everybody else very best.

Madam, Present status of economic is the best time for new acquisitions. Where does Company stand as far as new acquisitions are concerned during this pandemic lockdown?

**Mr. Sandeep Kumar Jain, Chief Financial Officer**

Thank you, Mr. Mohd. Ashraf Bari, with this, we conclude the question session from all the shareholders.

Now, I hand over back to Chairperson, Dr. Meenakshi Nayar.

**(Over to you Ma'am)**

**Dr Meenakshi Nayar, Chairperson**

Now I request Mr. Rakesh Goel, Executive Director- Textiles of the company to answer the questions on behalf of the Company.

**Mr. Rakesh Goel, Executive Director- Textiles**

Thank you very much Mam. Good morning Dear members, I will now attempt to answer a few of the questions. Generally speaking, excellent set of questions underpinning the strategy of the company and the questions on the future outlook of the Company was asked. So, I will attempt to answer in a consolidated manner. One of the questions relates to non-payment of dividend. Well members, as you are aware that your company has become independent listed entity after demerging only in previous year and also owing to the difficulties faced by the company due to Covid-19 and considering the future needs of the Company for expansion & growth and to strengthen the financial position of the Company, the directors do not recommend any dividend. We are hopeful that in coming years the board may consider for declaring the dividend.

Next question was pertaining to the impact of covid-19 and outlook after lockdown. Well this question was already answered by chairperson. I would like to add that so far current situation of your company is better than expected. However immediate future is slightly uncertain due to rising cases of Covid-19 in the country and the world. . Going forward we are expecting that branded players, organized players who have a deeper distribution into the domestic and world markets will perform better than the competition. The factory is operating at almost full capacity. So, things are looking better than expected.

Next question pertaining to CSR initiatives, the members may be delighted to know that your company is managing a school at Hisar, and providing quality education to the children upto Xth Standard. Even scholarship and free books are provided to meritorious students. The Company also organizes free eye, dental and other medical camps for its employees, workmen and their families.

On question pertaining to growth, as we all know that current situation is quite uncertain due to Covid-19. Once this threat is over, your company will certainly evaluate the possibilities of further growth including acquisitions at the earliest.

Last question was of Acquisitions which was already covered in my previous answers.

With that, I hand over to Mr. Sandeep, Chief Financial Officer.

Thank you.

**Mr. Sandeep Kumar Jain, Chief Financial Officer**

Thank you, sir. I think all the questions have been answered.

Now pursuant to the provisions of Companies Act 2013 and the SEBI listing regulations, the company has provided facility for voting by electronic means to all its members to enable cast their votes electronically and the business may be transacted through such e-voting. For this purpose, the company has tied up with the e-voting system of National Securities Depository Limited (NSDL) for facilitating voting through electronic means as the authorized agency. The company provided remote e-voting facility to all the persons who were members on September 19, 2020, being the cutoff date for vote on the business set out in the notice of AGM. Members attending the AGM today who have not casted their vote by remote e-voting are entitled to exercise their right to vote by e-voting.

Ms. Pragnya Parimita Pradhan, Practicing Company Secretary has been appointed by the board as the scrutinizer for e-voting today. The results will be declared within 48 hours from the conclusion of this AGM after considering the e-voting done today by members and also the remote e-voting already done by certain members. The results along with scrutinizer report shall also be submitted to the stock exchanges, i.e., NSE and BSE and will also be placed on the website of the company.

With that, I hand over back to the Chairperson, Dr. Meenakshi Nayar.

**(Over to you Ma'am)**

**Dr Meenakshi Nayar, Chairperson**

Thank you, Sandeep, Thank you everyone. Thank you, members, for asking very insightful questions on this virtual AGM. Members attending the AGM today who have not already casted their vote by remote e-voting may cast their vote on the e-voting platform now. You are given 15 minutes time for e-voting. Further, I hereby authorize Kunal Agrawal, the Company Secretary, to declare the result of the voting and place the results on the website of the Company at the earliest. I once again thank you all for participating in the AGM and I hereby declare the proceedings as closed.

Thank you very much.